



Michigan
Office of the Auditor General
REPORT SUMMARY

*Financial Audit
Including the Provisions of the Single Audit Act*

Report Number:
431-0100-09

Department of Human Services

October 1, 2006 through September 30, 2008

Released:
September 2009

A Single Audit is designed to meet the needs of all financial report users, including an entity's federal grantor agencies. The audit determines if the financial schedules and/or financial statements are fairly presented; considers internal control over financial reporting and internal control over federal program compliance; determines compliance with requirements material to the financial schedules and/or financial statements; and assesses compliance with direct and material requirements of the major federal programs.

Financial Schedules and Financial Statements:

Auditor's Reports Issued

We issued unqualified opinions on the Department of Human Services' (DHS's) financial schedules and on the financial statements of the Children's Trust Fund.

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Internal Control Over Financial Reporting

We identified significant deficiencies in internal control over financial reporting (Findings 1 through 4). We do not consider these significant deficiencies to be material weaknesses.

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Noncompliance and Other Matters Material to the Financial Schedules and/or Financial Statements

We did not identify any instances of noncompliance or other matters applicable to the financial schedules and/or financial statements that are required to be reported under *Government Auditing Standards*. However, we did identify other instances of noncompliance (Findings 1, 3, 4, and 5).

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Federal Awards:

Auditor's Reports Issued on Compliance

We audited 14 programs as major programs and identified known questioned costs of \$163.8 million and known and likely questioned costs totaling \$671.0 million. DHS expended a total of \$6.5 billion in federal awards during the two-year period ended September 30, 2008. We issued 9 unqualified opinions, 3 qualified opinions, and 2 adverse opinions. The opinions issued by major program are identified on the back of this summary.

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Internal Control Over Major Programs

We identified significant deficiencies in internal control over federal program compliance (Findings 5 through 21). We consider Findings 5, 9, 12, 14, 16, 17, and 19 to contain material weaknesses. In addition, we identified 27 recommendations repeated from our prior report for the two-year period ended September 30, 2006, many of which were also reported in earlier DHS Single Audits (Findings 5, 6, and 8 through 19).

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Required Reporting of Noncompliance

We identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 (Findings 6 through 21).

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Systems of Accounting and Internal Control:
We determined that DHS was in substantial compliance with Sections 18.1483 - 18.1487 of the *Michigan Compiled Laws*.

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We audited the following programs as major programs:

<u>CFDA Number</u>	<u>Program or Cluster Title</u>	<u>Compliance Opinion</u>
10.551 and 10.561	Food Stamp Cluster	Unqualified
81.042	Weatherization Assistance for Low-Income Persons	Unqualified
93.556	Promoting Safe and Stable Families	Unqualified
93.558	Temporary Assistance for Needy Families	Adverse
93.563	Child Support Enforcement	Unqualified
93.568	Low-Income Home Energy Assistance	Qualified
93.569	Community Services Block Grant	Unqualified
93.575 and 93.596	Child Care and Development Fund (CCDF) Cluster	Adverse
93.645	Child Welfare Services: State Grants	Unqualified
93.658	Foster Care: Title IV-E	Qualified
93.659	Adoption Assistance	Qualified
93.667	Social Services Block Grant	Unqualified
93.778	Medicaid Cluster	Unqualified
96.001	Disability Insurance/Supplemental Security Income (SSI) Cluster	Unqualified

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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